

FINAL DEBT AND CREDIT CONTROL



NALEDI LOCAL MUNICIPALITY

Council resolves to adopt the following proposal as the Debt and Credit Control Policy of the Naledi Local Municipality

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DEBT AND CREDIT CONTROL POLICY

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1. INTRODUCTION

The Municipal Council must ensure that all money due to the Municipality is collected, subject to the Municipal Systems Act. For this purpose the Municipal Council must adopt, implement and maintain a credit control and debt collection policy consistent with its rates and tariff policies and complying with the provisions of the Municipal Systems Act (Section 96).

The Municipal Council must adopt by-laws to give effect to its credit control and debt collection policy, its implementation and enforcement. By-laws may differentiate between different categories of taxpayers, customers, debtor's taxes, services, service standards and other matters (Section 98 of the Municipal Systems Act).

2. BACKGROUND

The purpose of this policy is to ensure that credit control forms part of the financial system of the Municipality and to ensure that prudent credit control procedures are consistently applied.

3. DEFINITIONS

"Accounting officer" - The municipal manager is the accounting officer of the municipality for the purpose of Act No. 56 of 2003: Local Government: Municipal Finance Management Act, 2003. (MFMA).

"Agreement" - an arrangement to pay off any arrears amount with interest over an agreed period of time.

"billing" means invoicing on a municipal account to an account holder of an amount or amounts payable for assessment rates, metered services, other municipal charges, levies, fees, fines, taxes, or any other amount or amounts payable arising from any other liability or obligation

"Business" any trade, manufacturing, service delivery or commercial activity as the primary objective

"Consumption" - the usage of water and electricity through Council's metered or prepaid Systems

"Collection cost" all cost associated with credit control and debt collection, including interest, penalties service disconnection cost and legal cost.

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“customer/consumer/account holder” any occupier and/or owner of any property to which the municipality has agreed to supply services or already supplies services to, or failing such an occupier, then the owner of the property.

“Council’s Attorney” - Means a law firm, including all legal practitioners, correspondents and affiliates of such law firms appointed by the council from time to time through a transparent bidding process, to handle all or specifically nominated legal affairs of the council on request.

“Councillor” - Means a member of the municipal Council.

“credit control” means all the functions relating to the collection of revenue;

“Chief Financial Officer” / “Manager: Finance” - Means a person designated in terms of section 80(2)(a) of the MFMA.

“deposit” a sum of money paid in lieu of a service to be rendered.

“dishonoured cheque” refusal by a bank to pay an amount ordered by cheque to Naledi Municipality for whatever reason

“Days” - This will be **calendar days** unless specifically mentioned otherwise.

“due date” means the date specified as such on a municipal account dispatched by the municipality to an account holder for current charges payable and which is the last day allowed for the payment of such current charges

“Head of department” - A senior official in charge of a specific service of the Council.

“interest” a charge levied and calculated at the **prime interest rate** determined by the Minister of Finance in terms of section 80 of the Public Finance Management Act of 1999, **rate plus 1%** on all arrear amounts owed to Council.

“Mayor” - The councillor elected as the mayor of the municipality in terms of section 55 of Municipal Structures Act.

“Manager” - A senior manager as referred to in section 56 of the Municipal Systems Act.

“Month” - One of the twelve months of the calendar year.

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“Municipality” - A municipal council referred to in section 157 (1) of the Constitution of the RSA.

"municipal account" means an account rendered on which is billed an amount or amounts payable to the municipality for assessment rates, metered services, other municipal charges, levies, fees, fines, interest, taxes or any other amount or amounts payable arising from any other liability or obligation;

"municipal service charges" means those assessment rates, metered services, other municipal charges, levies, fees, fines, interest, taxes or any other amount or amounts payable arising from any other liability or obligation reflected on the municipal account for which payment is required by the municipality;

“Municipal Finance Management Act” - Municipal Finance Management Act No. 56 of 2003.

“Municipal Manager” - The person appointed in terms of section 82 of the Municipal Structures Act.

“Municipal Structures Act” - The Local Government: Municipal Structures Act No. 117 of 1998, as amended.

“Municipal Systems Act” - The Local Government: Municipal Systems Act No. 32 of 2000, as amended.

"occupier" means any person who occupies any premises or part thereof notwithstanding the title under which the person occupies, and *includes*;

(a) any person in actual occupation of such premises;

(b) any person legally entitled to occupy such premises;

(c) in the case of premises which have been subdivided and let to lodgers or various tenants, the person receiving the rent payable by such lodgers or tenants whether on that person's own account or as agent for any person entitled thereto or interested therein;

(d) any person having the charge or management of those premises, and includes the agent of any such person when the person is absent from the Republic of South Africa or his or her whereabouts are unknown; and

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(e) the owner of those premises;

"owner" means ;

(i) a person in whom the legal title to a premises is vested;

(ii) in a case where the person in whom the legal title is vested is insolvent or dead, or is under any form of legal disability whatsoever, the person in whom the administration of and control of such premises is vested as curator, trustee, executor, administrator, judicial manager, liquidator or other legal representative;

(iii) in the event that the municipality is unable to determine the identity of the person in whom the legal title is vested, the person who is entitled to the benefit of such premises or a building thereon;

(iv) in the case of premises for which a lease of 30 years or more has been entered into, the lessee thereof;

(v) in relation to -

(i) a piece of land delineated on a sectional plan registered in terms of the Sectional Titles Act, 1986 (Act No. 95 of 1986), and without restricting the above, the developer or the body corporate in respect of the common property; or

(ii) a section as defined in such Act, the person in whose name such section is registered under a sectional title deed and includes the lawfully appointed agent of such a person;

(vi) any legal person including, but not limited to -

(i) a company registered in terms of the Companies Act, 1973 (Act No. 61 of 1973), the Companies Act, 2008 (Act No. 71 of 2008), Trust inter vivos, Trust mortis causa, a Closed Corporation registered in terms of the Closed Corporation's Act, 1984 (Act No. 69 of 1984), a voluntary association;

(ii) any Department of State;

(iii) any Council or Board established in terms of any legislation applicable to the Republic of South Africa; and

(iv) any Embassy or other foreign entity; and

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(vii) a lessee of municipal property who will be deemed to be the owner for the purposes of rendering a municipal account;

“prepayment service/system” means a system whereby the consumers of electricity and water makes a payment in advance for the use of the service.

“property” any portion of land of which the boundaries are determined within the jurisdiction of the municipality

"revenue" means all monies due to the municipality and in regard to which it has the right to enforce payment;

"tampering" means any unauthorised interference with the municipality's supply, seals and metering equipment and "tamper" has a corresponding meaning;

4. VISION

The vision of this policy is to:

- Ensure sufficient notification of outstanding debt to debtors in default;
- Provide debtors with monthly statements in time; and
- Ensure sufficient and effective interaction with defaulters and to allow for the conclusion of arrangements for the payment of arrears over agreed period of times.

5. OBJECTIVES OF THE POLICY

The objectives of this policy are to provide for:

- Credit control procedures and mechanisms;
- Debt control procedures and mechanisms; and
- Realistic targets/ benchmarks as set by the municipality which is consistent with:
 - General Recognised Accounting Practices and collection ratios; and
 - The estimate income set in the budget minus an acceptable provision for bad debts.

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6. RESPONSIBILITY FOR CREDIT CONTROL

6.1. Supervisory Authority

The Municipality's Mayor must:

- Oversee and monitor the:
 - Implementation and enforcement of the Municipality's credit control and debt collection policy and any by-laws enacted; and
 - Performance of the Municipal Manager in implementing the policy and any by-laws.
- When necessary, evaluate, review or adapt the policy and any by-laws, or the implementation of the policy and any such by-laws, in order to improve efficiency of its credit control and debt collection mechanisms, processes and procedures; and
- Report to the quarterly meetings of the Council.

6.2. Implementing Authority

The Municipal Manager must:

- Implement and enforce the Municipality's credit control and debt collection policy and any by-laws enacted in terms of the Municipal Systems Act;
- In accordance with the credit control and debt collection policy and any such by-laws establish effective administrative mechanisms, processes and procedures to collect money that is due and payable to the Municipality; and
- Report the prescribed particulars monthly to a meeting of the supervising authority.

7. APPLICATION FOR SUPPLY OF MUNICIPAL SERVICES AND SERVICE AGREEMENTS

- 7.1 Any application for any supply of services to any premises must be made sufficient working days prior to the service being required, in the prescribed format, and must comply with the conditions as determined by the Municipal Manager or his or her delegate from time to time.

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- 7.2 Subject to the provisions as per the right of appeal, only the owner of a property, his duly authorised agent on his or her behalf, or the lawful occupier of premises (tenant) may apply for municipal services to be supplied to a property.
- 7.3 Where application is made by a tenant, such application must be accompanied by a lease agreement entered into between the tenant and the owner or its agent of which the premises where such services are sought forms the subject.
- 7.4 No services shall be supplied unless and until:
- a. the applicant has paid all outstanding amounts owed to the Municipality;
 - b. the owner of the property has paid all outstanding amounts owed to the Municipality for the specific property for which services have been applied for;
 - c. an application has been made by the owner or tenant and a service agreement in the prescribed format has been entered into and the deposit has been paid.
- 7.5 An application for the supply of services for a period of less than one year is regarded as an application for a temporary supply.

8. BILLING AND PAYMENT

- 8.1 The account holder must pay all amounts due to the municipality as reflected in the municipal account, and the onus is on the account holder to verify the accuracy of such account, provided however that:
- (a) the Council may from time to time offer an incentive on amounts due to the municipality as an incentive for timely payment of current amounts due by the due date therefor;
 - (b) an account holder remains liable to make payment of the full amount due, on due date therefor and any discount becoming due to an account holder in terms of any such incentive in force from time to time will be reflected as a credit on the current month's account;

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- 8.2 An account holder must pay for metered and other service charges, assessment rates, other municipal charges, levies, fees, fines, interest, taxes or any other liability or obligation from the date of origin of such municipal charges until the written termination of the services. In the case of any dispute the onus will be on the account holder to supply proof that the services were terminated.
- 8.3 An account holder;
- (a) has one account number and will be rendered one consolidated account for each premises to which services are rendered or for which rates are due, on which the due date for settlement of the total amount owing is reflected; and
 - (b) will be rendered an account monthly in cycles of approximately thirty days;
- 8.4 Payment must be received before close of business on the due date.
- 8.5 Payment made to any of the service providers appointed by the municipality to receive payments on its behalf, should be made at least five working days before the due date to enable the payment to be processed, and interest will accrue and no incentive will be given should the municipality receive payment from any such service provider after the due date.
- 8.6 Should any such service provider fail to furnish the municipality with the relevant details of payments made to it 5 days prior to the due dates thereof, such service provider may be held liable for all charges subsequently incurred by the municipality in pursuing recovery of an amount as a result erroneously reflected on the account of the account holder as being in arrear, as well as for interest charges.
- 8.7 The municipality may estimate the quantity of metered services supplied in respect of a period or periods within the interval between actual successive readings of the meters, and may render an account to an account holder for the quantity of metered services so estimated.
- 8.8 It is the accountholder's responsibility to ensure that their respective meters are free and clear of any obstacles which could cause the meter readers not to perform their duties of

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reading said meters. This includes ensuring that the meter boxes are not filled with sand or covered by debris.

- 8.9 If a meter is unread because it is covered (whether by debris or sand etc.) the municipality has a right to clear the debris or uncover the meter to enable such meter to be read. This will be done at an additional cost to be determined by Council from time to time. Such cost will be billed against the respective meter's account.
- 8.10 If an account holder is dissatisfied with an account rendered for metered services supplied by the municipality, such account holder may, prior to the due date stipulated therein, lodge an objection in writing to the Chief Financial Officer, setting out reasons for such dissatisfaction. The CFO, duly delegated by the Municipal Manager, or his sub-delegate, shall adjudicate on the objection.
- 8.11 Should an account holder lodge an objection the account holder must notwithstanding such objection, continue to make regular payments by the due date, of an amount equivalent to the average of the account holder's municipal account for the three month period prior to the month in respect of which the dispute is raised, and taking into account interest as well as the annual amendments of tariffs of Council. If a longer period than 3 months reflects a more realistic average, then the longer period should be used.
- 8.12 An error or omission in any account or failure to render an account shall not relieve the account holder of the obligation to pay by the due date.
- 8.13 If an account holder uses water or electricity for a category of use other than that for which it is supplied by the municipality and is as a consequence not charged for water or electricity so used, or is charged for the water or electricity at a rate lower than that at which the account holder should have been charged, the account holder shall be liable for the amount due to the municipality in accordance with the prescribed charges in respect of-
- (a) the quantity of water or electricity which in the opinion of the Municipal Manager, or his delegate, the account holder has used and for which the account holder has not been charged; or

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- (b) the difference between the cost of the water or electricity used by the account holder at the rate at which the account holder has been charged and the cost of the water or electricity at the rate at which the account holder should have been charged.

8.14 An account holder shall not be entitled to a reduction of the amount payable for metered services which are lost due to a default or error in the meter, save in terms of the provisions of this policy.

8.15 The municipality may;

- (a) consolidate any separate accounts of an account holder liable for payments to the municipality;
- (b) credit any payment by an account holder against any debt or account of that account holder;
- (c) implement any of the provisions of this policy against such account holder in relation to any arrears on any of the accounts of such a person.

9. TERMINATION OF SERVICE AGREEMENT

9.1 Notice of termination of any service agreement must be in writing to the other party of the intention to do so.

9.2 An owner may terminate a service agreement relating to a property sold by him, by giving not less than five working days' notice in writing.

9.3 The Municipal Manager may on sufficient notice in writing, advise an account holder of the termination of the agreement for a supply of municipal services if:

- (a) The account holder has not consumed any water or electricity during the preceding six months, or has vacated the property and has not made satisfactory arrangements for the continuation of the agreement;

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- (b) The account holder has committed a breach of this policy and has failed to rectify such breach; or
- (c) The municipality is unable to continue to supply the account holder with municipal services as a result of the assumption by another authority of responsibility for the supply of the municipal service in question.

10. RECORDING TRANSACTIONS

10.1. When issuing an invoice to a debtor, it must be ensured that the following information is captured on the invoice:

- Details of the service provided;
- The date of delivering the service;
- The total cost of the service provided;
- Payment terms as discussed with the Chief Financial Officer;
- The invoice number;
- The Chief Financial Officer's signature to serve as proof that the invoice is valid; and
- Bank details of the Municipality for payments from the debtor.

10.2. Original invoices will be given to debtors.

10.3. A duplicate of each invoice issued will be sent to the Accountant: Debtors to update/create the relevant debtor account.

11. COLLECTING PAYMENTS

11.1. Three methods of payments shall be used regarding debtors:

- Electronic funds transfer (EFT);
- Cheques; and
- Cash.

11.2. The method of payment for a specific debtor shall be disclosed on the individual invoice for a debtor.

11.3. When debtors pay accounts via EFT the proof of payment will be faxed or e-mailed through to the Municipality.

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11.4. Upon taking the proof of payment into receipt, the Senior Accountant shall update the relevant account of the debtor with the amount paid.

11.5. When debtors pay with cheques, the following procedure will be followed:

- Two employees will take the cheque into receipt;
- As proof of receipt, the employees shall sign the cheque register;
- Monthly bank reconciliations shall be performed on all cheques received are valid; and
- As soon as the cheque is deposited, the Senior Accountant shall update the relevant account of the debtor with the amount paid.

11.6. When signing the cheque register, the following information must be captured on the register:

- The cheque number;
- Date of receipt of the cheque;
- Signatures of both employees;
- Name of the debtor; and
- The amount of the cheque.

11.7. Monthly reconciliations on the cheque register shall be performed, to ensure all cheques recorded were received.

11.8. Monthly statements shall be sent to all debtors to keep them informed about the debt and the amount that is owed

12. MONTHLY STATEMENTS

12.1. Monthly statements shall be sent to all debtors to keep them informed about the debt and the amount that is owed.

12.2. Statements shall be e-mailed as well as mailed, thus to ensure the debtor receives the statement.

12.3. The following information must be recorded on the debtor statement:

- Name and address of the debtor;
- Debtor number;
- The date of the statement;
- The amount outstanding;
- Payment terms;
- Amount due for the applicable month;

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- Signature of the Chief Financial Officer;
 - Statement number; and
 - Details of the amount owed.
- 12.4. If the above mentioned information is not recorded on the statement, it must not be sent to the applicable debtor.
- 12.5. Debtors shall have **7 days** to pay the due amount from the beginning of each month.
- 12.6. If the amount is **not paid within 7 days**, the debtors account shall be **classified as in arrears and a notice shall be sent**.

13. INTEREST ON ARREARS

- 13.1. Interest at the prescribed rate must be charged on debts handed over to the attorneys.
- 13.2. Notwithstanding the provisions of this policy, or the reason for non-payment, interest at the prescribed rate will accrue whilst an account remains unpaid.

14. DISCONTINUANCE OF SERVICES

- 14.1. Notice of Discontinuance
- A notice of discontinuance must be issued on all accounts in arrears.
 - In the event that the debtor does not pay or arrange for payment of outstanding amounts due, the services must be discontinued **within 7 days of issuing the notice**.
(In total 14 days' notice applied. 7 days on the statement and 7 days on the notice)
- 14.2. Penalties
- In the event that the debtor connects his or her own services without paying his/her arrears account a penalty as determined in the approved budget from time to time.
- 14.3. Handing over of overdue accounts
- All **accounts older than 90 days** will be handed over to the attorneys for recovery.
 - Account holders will be notified via their statement of the actions taken by the municipality to recover overdue amounts.

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15. BAD DEBTS

15.1. Writing off of bad debts

- The Municipal Manager must delegate in writing who, besides the Chief Financial Officer, must write off debt.
- A Chief Financial Officer may only write off debts owed to the Municipality if he or she is satisfied that:
 - All reasonable steps have been taken to recover the debt and the debt is irrecoverable; or,
- He or she is convinced that:
 - Recovery of the debt would be uneconomical; and
 - It would be to the advantage of the Municipality to effect a settlement of its claim or to waive the claim.
- All debts written off must be disclosed in the annual financial statements.
- The approval of the Chief Financial Officer for the write-off of any debt does not mean that actions to recover the money will be terminated, however, further actions will be instituted depending on the costs involved and if debt is recovered it will be recorded in the financial records of Council as recovered.

15.2. Provision for bad debts

- All outstanding debt must be reviewed on an individual debtor basis and in the event that the debt is deemed to be irrecoverable the debt must be provided for. The assessment of the chief financial officer may include taking into account some of the following procedures:
 - Payment history of the debtor
 - Legal and other measures taken on the debt owing. (For instance attorney confirmations on the recoverability ect.)
 - How economically feasible the recovery of the debt is?
 - Attitude and cooperation of the debtor (also whether the recovery will cause undue hardship to the debtor and his/her dependents)

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16. LEGAL COSTS

All legal costs, including attorney-and-own-client costs incurred in the recovery of amounts in arrears shall be levied against the arrears account of the debtor.

17. COST TO REMIND DEBTORS OF ARREARS

For any action taken in demanding payment from the debtor or reminding the debtor, by means of telephone, fax, email, letter or otherwise, that his/her payments are due, a penalty fee may be levied against the account of the debtor in terms of the municipality's tariff provisions.

18. ARRANGEMENTS TO PAY OUTSTANDING AND DUE AMOUNTS IN CONSECUTIVE INSTALMENTS

18.1. A debtor may enter into a written agreement with the Municipality to repay any outstanding and due amount to the Municipality under the following conditions:

- The outstanding balance, costs and any interest thereon shall be paid in regular and consecutive monthly instalments;
- The current monthly amount must be paid in full; and
- The written agreement has to be signed on behalf of the Municipality by the Chief Financial Officer.

18.2. In order to determine monthly instalments, a comprehensive statement of assets and liabilities of the debtor must be compiled by a treasury official. To ensure the continuous payment of such arrangement the amount determined must be affordable to the debtor, taking into account that payment of the monthly payments due is a prerequisite for concluding an arrangement. The main aim of an agreement will be to promote full

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payment of the current amount outstanding and to address the arrears on a consistent basis.

18.3. Only two arrangements may be made with the accountholder in any financial year where after if not adhered to then the full implications of the arrangement conditions will be implemented.

18.4. In any instance where an account holder seeks to make arrangements for payment of arrear amounts due, in instalments, the Chief Financial Officer may as a condition of any agreement:

- review and require an increase in the account holder's deposit;
- require of an account holder to pay current and/or arrear amounts by means of a stop order or debit order;
- require of an account holder to convert to a pre-paid metering system; or
- require any other form of security, including a personal surety from the directors, members or trustees of a company, close corporation, trust or body corporate as the case may be.

19. SEQUENCE OF PAYMENTS

19.1. When a debtor pays his / her account and that account is in arrear, the money paid will be allocated as follows:

19.1.1. Interest on arrear account;

19.1.2. Amount that is in arrear; and

19.1.3. Current outstanding amount broken down as follows:

19.1.3.1. Tax;

19.1.3.2. Refuse removal;

19.1.3.3. Water and Sewage; and

19.1.3.4. Electricity.

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20. AGENTS, ATTORNEYS AND OTHER COLLECTION AGENTS

- 20.1. All external agents acting on behalf of the Municipality are to be named, together with their details and contact information. Likewise, all agents are to be supplied with a copy of the credit control measures.
- 20.2. Clear instructions must be given to agents to explain all arrangements for the customers' benefit. Under no circumstances may agents negotiate terms, extend payment periods or accept cash on behalf of the municipality.
- 20.3. The costs to the Municipality and to the debtor must be detailed for each stage of the credit control measures and for all possible actions. The liability for the costs of legal action and other credit control actions must, as far as is legally possible, be for the account of the debtor.

21. FINANCIAL MATTERS

21.1. Service Agreement

Before supplying of a service and sending out of any accounts, an account holder must enter into a contract of agreement with the municipality and such contract should provide for a deposit as security.

21.2. Deposits

There shall be a separate deposit paid for water and electricity as per approved tariff schedule where these services are metered and a deposit where flat rate is charged. If an applicant of services or spouse has been blacklisted as a defaulter, the deposit will be doubled to reduce the risk of outstanding or irrecoverable amounts when the account is closed. After the disconnection of electricity supply due to non-payment of services to the municipality, a reconnection fee must be paid as determined by Council in its tariff schedule.

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The deposit paid shall be regarded as sufficient if the account holder is not a defaulter. Deposits received must be reviewed annually and a register should be maintained. No interest shall accrue in favour of the deposits thereof upon termination of the debtor's agreement with the municipality. The deposit will first be offset against any outstanding balances (if any) to be refunded to the account holder. If the deposit on the household account is lesser than the amount approved by Council, an additional amount towards the deposit shall be paid.

Where the account holder has not entered into a service agreement with the municipality, water/electricity will be disconnected until such time as a service agreement has been signed and the applicable deposit has been paid. Account holder's deposits for business and industrial accounts must be re-assessed three months after the initial deposit date

21.3.Consolidation of Accounts

A municipality may in terms of Section 102 (1) of the Municipal Systems Act No.32 of 2000:

- (a) Consolidate any separate accounts of a debtor liable for payment;
- (b) Credit a payment by that account holder against any of his/her account;
- (c) Implement any of the debt collection and credit control measures provided for in this chapter in relation to any arrears on any of the accounts of such a debtor.

Subsection (1) does not apply where there is a dispute between the municipality and a person referred to in that subsection concerning any specific amount claimed by the municipality from that person.

A municipality must provide an owner of a property in its jurisdiction with copies of accounts sent to his/her tenant for municipal services, if the owner requests such accounts in writing from the municipality.

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In a case of consolidated accounts, an account holder may not elect how an account is to be settled if it is not paid in full.

21.4.Steps to be applied before any action

- i) The statement of account sent out monthly to the account holder will serve as a notice of arrears, if any;
- ii) A notice that separate accounts may be consolidated may be sent;
- iii) A final demand notice may be hand delivered or sent by registered mail to the most recent recorded address of an account holder for arrears accruing;
- iv) Failure to deliver a final notice does not relieve an account holder from paying an account in arrears;
- v) If no response is received after due date, further steps will be taken (electricity provision will be blocked/terminated, account may be handed over to debt collection or collection attorneys);
- vi) Where water/electricity amounts remain outstanding or unpaid for more than 3 (three) months without response, that account may be handed over to debt collectors for the collection and/or legal action to attorneys. These account holders will have to make further arrangements at the attorneys or debt collectors for payment of the arrear amounts. The current monthly accounts must still be paid directly to the municipality. Once an account has been handed over for collection, the case will not be withdrawn unless there was a mistake or oversight on the part of the municipality;
- vii) delivery or mailing of a written demand for payment setting out the status of the account and the consequences of not paying or concluding an arrangement by a stipulated date;
- viii) informing the account holder telephonically or by any other electronic means of the overdue amount and of the impending disconnection or restriction of services;
- ix) disconnection or restriction of the supply of municipal services to the premises, restriction or termination of the sale of prepaid services to an account holder, disconnection or removal of any pre-paid metering system;

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- x) debiting of the municipal account of the account holder with all applicable costs and charges (including penalties and charges, and legal costs);
- xi) institution of action against the account holder for recovery of all arrear amounts and costs and in the case of rates for an order that the premises is specially executable;
- xii) requiring of the account holder to convert to another metering system;
- xiii) allocation of a portion of any pre-paid payment to other debts **(40% to other debts:60% prepaid);**
- xiv) the release of debtors information to a credit bureau;
- xv) the publishing of a list of account holders who remain in default;
- xvi) withholding excluding the account holder from the tender process;
- xvii) setting-off of any amount due by the municipality to the account holder against amounts due for rates and services or any other outstanding amount owed to the municipality;
- xviii) review and alteration of the conditions of the service agreement;
- xix) classification of the account holder as an unreliable customer;
- xx) using the services of external debt collection specialists or agencies;
- xxi) employing any other methods which are in the discretion of the Municipal Manager appropriate for the recovery of arrear amounts.

21.5.Actions to secure payment

The municipality and service providers may in addition to the normal civil legal procedures to secure payment of accounts that are in arrears, take the following action to secure payment for municipal rates and services:

- (a) The municipality or service provider may block/terminate/disconnect/restrict the provision of electricity services according to Section 104 f (i) & Section 104 n (i) of the Municipal Systems Act No.32 Of 2000. Electricity will only be unblocked/reconnected after payment or arrangement has been made, except for merit cases;
- (b) Restriction of the supply of services means to allow an account holder to use only 6 kilo litres of water per month by putting in a tap washer or restrict the purchase of pre-paid electricity and by cutting provision of conventional electricity;

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- (c) An account holder will be allowed to change an electricity meter from conventional to pre-paid meter while municipal account is in arrears, as this will allow the account holder to be in control of metered services;
- (d) An acknowledgement of debt must be completed with all arrangements for paying off arrear accounts. Copies must be handed to the account holder;
- (e) Stop orders or Debit orders may be completed for the monthly payment of the agreed amount or at least current amount, as far as possible
- (f) The owner will still be liable to pay any amount in arrears that his/her tenant fails to pay;
- (g) Where arrangement was not made and electricity was blocked/disconnected due to arrears, services will only be restored if an acceptable payment as calculated by a Finance official is made on the account and an acknowledgement of debt and arrangement for payment of arrears was signed (with a minimum payment made);
- (i) Where an acknowledgement of debt was signed and the account holder did not honour the arrangement, the services of that account holder will immediately be disconnected until the full amount due according to the agreement is paid;
- (j) Apply the Municipal Property rates Act 6 of 2004, section 28 and 29 to recover Property rates from tenants and estate agents.

Merit cases where special circumstances prevail must be treated individually and could amongst others include the following categories according to Section 98 (2) of The Municipal Systems Act No.32 of 2000:

- Deceased estates;
- Liquidated companies;
- Private persons under administration or debt management;
- Outstanding enquiries/disputes on accounts;
- Certain categories of pensioners;
- Indigent households;
- Child headed families;

All merit cases conditions apply to service accounts only. The municipality may block, restrict or disconnect the supply of electricity or discontinue any other service to any premises whenever an account holder of any service:

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- Fails to make full payment on the due date or fails to make acceptable arrangements for the payment of any amount for services, rates or taxes;
- Fails to comply with a condition of supply imposed by the municipality;
- Causes a situation which in the opinion of the municipality is dangerous or is contravening the relevant legislation;

In terms of Section 104 f (ii) the municipality may seize the property to secure payment for services that were delivered to an account holder. This will be done by the municipality's attorneys after following due process.

22. DELEGATION OF POWERS

This policy should be applied with due observance of the Municipality's policy with regard to delegated powers. Such delegations refer to delegations between the Council and Municipal Manager as well as between the Municipal Manager and other responsible officials. All delegations in terms of this policy document should be recorded in writing.

23. IMPLEMENTATION OF THIS POLICY

This policy will be effective from the date the policy is approved per council resolution.

The implementation of this policy cannot be backdated and all sections thereof will only be implemented from date of approval.